



OVERVIEW AND SCRUTINY COMMITTEE

Thursday 19 April 2018 at 6.30 pm

Council Chamber, Ryedale House, Malton

Agenda

1 Emergency Evacuation Procedure.

The Chairman to inform Members of the Public of the emergency evacuation procedure.

2 Apologies for absence

3 Minutes of the meeting held on 22 March 2018

(Pages 3 - 6)

4 Urgent Business

To receive notice of any urgent business which the Chairman considers should be dealt with at the meeting as a matter of urgency by virtue of Section 100B(4)(b) of the Local Government Act 1972.

5 Declarations of Interest

Members to indicate whether they will be declaring any interests under the Code of Conduct.

Members making a declaration of interest at a meeting of a Committee or Council are required to disclose the existence and nature of that interest. This requirement is not discharged by merely declaring a personal interest without further explanation.

6 Review of the Affordable Housing Targets (report to follow)

7 Internal Audit and Counter Fraud progress report 2017/18

(Pages 7 - 20)

8 Internal Audit, Counter Fraud and Information Governance plans 2018-19

(Pages 21 - 34)

9 **Any other business that the Chairman decides is urgent.**

Overview and Scrutiny Committee

Held at Council Chamber, Ryedale House, Malton
on Thursday 22 March 2018

Present

Councillors Clark (Chairman), Cussons MBE, Duncan, Frank, Di Keal and Thornton

In Attendance

Will Baines, Beckie Bennett, Fiona Casson, Simon Copley, Martin Dennison (Ryedale Safer Neighbourhood Inspector) and Angela Jones.

Minutes

85 Apologies for absence

Apologies for absence were received from Cllr Acomb, Cllr Sanderson and Cllr Gardiner.

86 Minutes of the meeting held on 15 February 2018

The minutes of the meeting held on 15 February 2018 were presented.

The Chair proposed an amendment to item 83 to add:

The Chairman of Overview and Scrutiny called in the decision as he believed *that the decision making process to move from Part B to Part A:*

- (i) May not be legal
- (ii) Was the opposite of the officer recommendations
- (iii) Reduced openness

Upon being put to the vote, the amendment was carried.

The amended minutes of the meeting held on the 15 February 2018 were then presented.

Decision

That the amended minutes of the meeting of the Overview and Scrutiny Committee held on 15 February 2018 be approved and signed by the Chairman as a correct record.

Voting record

5 For

0 Against

0 Abstentions

87 Urgent Business

There were no items of urgent business.

88 **Declarations of Interest**

There were no declarations of interest.

89 **Referral from Overview and Scrutiny Committee to Full Council held on 22 February 2018**

Considered.

Decision

That the referral from Council to the Scrutiny Committee be noted.

Voting record

6 For

0 Against

0 Abstentions

90 **Safer Ryedale Update**

Considered – Report of the Customer Services Lead.

Decision

That the committee note the report and set up a working party comprising the Chair and Vice-Chair and open to all committee members to consider:

- 1) The context of the Safer Ryedale partnership in relation to the Constitution.
- 2) Review the progress of the partnership against the 2016/17 Safer Ryedale Action Plan.
- 3) Propose actions to bring to a future committee meeting.

Voting Record

6 For

0 Against

0 Abstentions

91 **Scrutiny Reviews Progress Report**

Considered – Report of the Frontline and Delivery Services Lead.

The Chair informed the committee that Professor John Raine had been appointed to assist the committee in the Scrutiny Review into the Staff Survey, with a questionnaire currently underway for all staff to complete.

Decision

- (i) That the progress report be noted.
- (ii) That the outstanding recommendations of the Scrutiny Review on Outside Bodies be considered from May 2018 in preparation to introduce to a new set of elected members in May 2019.

Voting Record

6 For

0 Against

0 Abstentions

92 **Decisions from other Committees**

The draft minutes of the Policy and Resources Committee on 15 March 2018 were presented.

Scrutiny Review Progress Report Continued

In order to further consider the letter received by Everyone Active in relation to the Scrutiny Review of the Provision of Swimming Lessons in Ryedale District Councils Swimming Pools, it was proposed by the Chair that the meeting move into exempt session.

Resolved

That under Section 100(A)(4) of the Local Government Act 1972 that the public be excluded from the meeting as there will be a likely disclosure of exempt information as defined in Paragraph 3 of Part 1 of Schedule 12A of the Act as the information provided relates to the financial or business affairs of any particular person.

Voting record

6 For

0 Against

0 Abstentions

Decision

That the Chairman send a response to the letter received from Everyone Active in relation to the Scrutiny Review on the Provision of Swimming Lessons in Ryedale District Council Swimming Pools in consultation with the Vice-Chair.

Voting record

6 For

0 Against

0 Abstentions

93 **Any other business that the Chairman decides is urgent.**

There being no other business, the meeting closed at 9:10pm.



REPORT TO:	OVERVIEW AND SCRUTINY COMMITTEE
DATE:	19 April 2018
REPORT OF THE:	RESOURCES AND ENABLING SERVICES LEAD (s151) PETER JOHNSON
TITLE OF REPORT:	INTERNAL AUDIT AND COUNTER FRAUD THIRD PROGRESS REPORT 2017/18
WARDS AFFECTED:	ALL

EXECUTIVE SUMMARY

1.0 PURPOSE OF REPORT

- 1.1 The report summarises the outcome of internal audit and counter fraud work undertaken between 1 April 2017 and 31 March 2018, inclusive.

2.0 RECOMMENDATION(S)

- 2.1 It is recommended the Committee note the results of the work undertaken as part of 2017/18 internal audit and counter fraud plan.

3.0 REASON FOR RECOMMENDATION(S)

- 3.1 To enable the Committee to fulfil its responsibility for considering the outcome of internal audit and counter fraud work.

4.0 SIGNIFICANT RISKS

- 4.1 The Council will fail to comply with proper practice requirements for internal audit and the Council's Audit Charter if the results of audit work are not considered by an appropriate Committee.

5.0 POLICY CONTEXT AND CONSULTATION

- 5.1 The work on internal audit and counter fraud supports the council's overall aims and priorities by promoting probity, integrity and honesty and by helping support the council to become a more effective organisation.
- 5.2 The work of internal audit is governed by the Accounts and Audit Regulations 2015 and relevant professional standards. These include the Public Sector Internal Audit Standards (PSIAS) and CIPFA guidance on the application of those standards in Local Government. In accordance with the standards, the Head of Internal Audit is required to report on the results of audit work undertaken.

6.0 REPORT DETAILS

- 6.1 The progress report included at Appendix 1 summarises the progress made against the 2017/18 internal audit plan. In the period from 10 January 2018 to 31 March 2018 three final reports have been issued. The work covered Data Protection and Security (visit 2), Lettings Income and Taxi Licensing. All other work is in progress.
- 6.2 A key aspect of our work since the last Committee has been to review the progress made implementing previously agreed actions. It is important agreed actions are formally followed-up to ensure they have been implemented by managers. We followed up the progress made in respect of findings which had a date for implementation of 28 February 2018 or earlier.
- 6.3 Counter fraud work has been undertaken in accordance with the approved plan. Annex E to the enclosed report provides a summary of the work undertaken in the period.

7.0 IMPLICATIONS

- 7.1 The following implications have been identified:
- a) Financial
None
 - b) Legal
None
 - c) Other (Equalities, Staffing, Planning, Health & Safety, Environmental, Crime & Disorder)
None

Peter Johnson **Resources and Enabling Services Lead (s151)**

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Background Papers:
2017/18 Internal Audit and Counter Fraud Plan



Ryedale District Council

Internal Audit and Counter Fraud Third Progress Report 2017/18

Audit Manager: Stuart Cutts
Counter Fraud Manager: Jonathan Dodsworth
Head of Internal Audit: Max Thomas

Circulation List: Members of the Overview and Scrutiny Committee
Chief Executive
Resources and Enabling Services Lead (s151)

Date: April 2018



Background

- 1 The work of internal audit is governed by the Accounts and Audit Regulations 2015 and the Public Sector Internal Audit Standards (PSIAS). In accordance with the PSIAS, the Head of Internal Audit is required to report progress against the internal audit plan and to identify any emerging issues which need to be brought to the attention of the Committee.
- 2 Members of this Committee approved the 2017/18 Internal Audit and Counter Fraud Plan at their meeting on the 20 April 2017. This report summarises the progress made in delivering the agreed plan.
- 3 This is the third Internal Audit progress report to be received by the Overview and Scrutiny Committee in 2017/18. This report updates the Committee on the audit work completed between 10 January 2018 and 31 March 2018 and the fraud work completed between 1 April 2017 and 31 March 2018.

Internal Audit work completed

- 4 In the period between 1 April 2017 and 31 March 2018 we have completed eight pieces of work. Three audit reports have been finalised since the last committee. The work covered Data Protection and Security (visit 2), Lettings Income and Taxi Licensing. Work is ongoing on all other audits. Further information is included in Annex A.
- 5 Information on the findings from the audits completed since we reported at the last Overview and Scrutiny Committee on 25 January 2018 is included in Annex B.

Audit Opinions

- 6 For most reports we provide an overall opinion on the adequacy and effectiveness of the controls under review. The opinion given is based on an assessment of the risks associated with any weaknesses in controls identified. We also apply a priority to all actions agreed with management. Details of the opinion and priority rankings are included in Annex C.

Follow up of previous audit recommendations

- 7 It is important agreed actions are regularly and formally followed up. This helps to provide assurance to management and members that control weaknesses have been properly addressed.
- 8 Three audits had agreed actions with a date for completion of 28 February 2018 (or earlier). Further information is provided in Annex D.

Wider Internal Audit work

- 9 In addition to undertaking assurance reviews, Veritau officers are involved in a number of other areas relevant to corporate matters:

- **Support to the Overview and Scrutiny Committee;** this is mainly ongoing through our attendance at meetings of the Committee and the provision of advice, guidance and training to members as required.
- **Ongoing support to management and officers;** we meet regularly with management to identify emerging issues and provide advice on a range of specific business and internal control issues. These relationships help to provide 'real time' feedback on areas of importance to the Council. We have been working with senior management as part of the ongoing transformation programme, providing support, advice and challenge.
- **Risk Management;** Veritau provides support and advice on the Council's risk management arrangements and processes.
- **Investigations;** We perform special or ad-hoc reviews or investigations into specific issues.

Counter Fraud

- 10 Veritau provides the council's counter fraud service. The counter fraud team investigate a range of fraud against the authority, including council tax fraud, council tax support fraud, and internal fraud issues.
- 11 In the 2017/18 year the fraud team has achieved £55k in savings for the council as a result of investigative work. There are currently 12 ongoing investigations. A full summary of fraud activity is included in Annex E.

Stuart Cutts
Audit Manager
Veritau Ltd

Jonathan Dodsworth
Counter Fraud Manager
Veritau Ltd

April 2018

Table of 2017/18 audit assignments to 31 March 2018

Audit	Status	Assurance Level (if Completed)	Audit Committee
Strategic Risk Register			
Business Continuity and Disaster Recovery	In Progress		
HR Performance Management and Training	Cancelled	-	
Data Protection and Security – visit 1	Final Report	Reasonable Assurance	January 2018
Data Protection and Security – visit 2	Final Report	Substantial Assurance	April 2018
IT Information Security	In Progress		
Partnership Arrangements	Cancelled	-	
Fundamental/Material Systems			
Housing Benefits	Final Report	High Assurance	January 2018
Payroll	In Progress		
Council Tax and NNDR	Final Report	High Assurance	January 2018
Sundry Debtors	In Progress		
Creditors	In Progress		
Strategic Income	In Progress		
General Ledger	In Progress		
Regularity Audits			
Risk Management	In Progress		
Lettings Income	Final Report	High Assurance	April 2018
Taxi Licensing	Final Report	Reasonable Assurance	April 2018
Development Management	In Progress		
Technical/Project Audits			
Transformation Programme	Completed		
Project and Programme Management	Cancelled	-	
Procurement/ Contract Management	Completed		
Follow-Ups	In Progress		

Summary of Key Issues from audits completed to 31 March 2018; not previously reported to Committee

Annex B

System/Area	Opinion	Area Reviewed	Date Issued	Comments	Management Actions Agreed
Data Protection and Security visit 2	Substantial Assurance	<p>The Council holds and processes large amounts of personal and sensitive data. Senior management recognise there are information governance risks associated with holding this information and appropriate practices need to be followed.</p> <p>We performed an unannounced visit and review of Ryedale House on 21 February 2018.</p> <p>We have undertaken previous visits with our last visit being in October 2017 which was reported to the January 2018 committee.</p>	March 2018	<p>Strengths The number of adverse findings has decreased from 9 found in October 2017 to 4 which is a return to the level observed in January 2017</p> <p>Key safes continue to be used. The Clear Desk policy was being observed in most cases. There was a number of doors locked preventing access to areas of Ryedale House.</p> <p>Significant amounts of paperwork, mainly relating to Planning, are still present at the far end of the first floor. These items have been labelled as awaiting scanning. We did not find any information of a sensitive nature in this area.</p> <p>Areas for Improvement There were still some cases where desks have been cleared but sensitive information has been put in unlocked drawers. So whilst progress has been made there is still a need to fully embed good information security practice throughout all who work at Ryedale House.</p>	The findings of this report were shared with the Leadership Team. Individual senior members of the leadership were to be asked to address its findings with their teams.
Lettings Income	High Assurance	<p>The Council owns or manages a small number of properties for specific purposes such as providing accommodation for people with support needs and temporary accommodation for homeless families.</p> <p>We reviewed procedures and controls to ensure:</p> <ul style="list-style-type: none"> Income due from rent and other charges is clearly identified 	March 2018	<p>Strengths Income budgeting procedures were being applied. All payments made, through Housing Benefit or Universal Credit directly to the Council, was clearly recorded in the resident's rent account. These rent accounts are constantly monitored.</p> <p>Income due from rent and other charges was clearly identified, was in accordance with the resident's signed Licence Agreement and was correctly recorded against their rent account.</p>	-

System/Area	Opinion	Area Reviewed	Date Issued	Comments	Management Actions Agreed
		<ul style="list-style-type: none"> All income due is received and correctly recorded Income received is correctly recorded in the General Ledger 		<p>All income received appears to be reflected correctly in the General Ledger.</p> <p>Areas for Improvement There were no areas for improvement noted.</p>	
Taxi Licensing	Reasonable Assurance	<p>We reviewed taxi licensing to ensure:</p> <ul style="list-style-type: none"> Applications for driver, vehicle and operators licences are checked and assessed before being granted, Licence fees charged by the Council are set to reasonably recover costs in accordance with statute. All drivers undergo safeguarding training, Compliance with licensing requirements is enforced by the Council. 	March 2018	<p>Strengths Checks are being carried out before driver and vehicle licences are issued. These checks were in accordance with the Licensing Policy.</p> <p>Cost centres have been set up in the general ledger to record separately the income and costs attributable to the different types of licence fees. This will enable accurate costing to be maintained so that the Council can seek to comply with the statutory obligations.</p> <p>Detailed estimated cost calculations were prepared to support the setting of licensing fees and were presented to Licensing Committee in July 2016.</p> <p>A new Taxi and Private Hire Policy was introduced in June 2017. The policy required all taxi drivers attend mandatory safeguarding training.</p> <p>Areas for Improvement At the time of the audit fieldwork (July and August 2017) some drivers had not completed their safeguarding training. There had been a delay in ensuring this training was undertaken due to staff changes dealing with taxi licensing. In addition Council supporting processes and Idox systems were not supporting effective management and delivery of safeguarding.</p> <p>We highlighted an error in the cost calculation of fees which was discussed with the Service Lead</p>	<p>Taxi licensing is one of the first services re-organised following the restructuring of the Council. At the time of the audit fieldwork (July & August 2017) some areas were work in progress. Management feel they have addressed most of the reports findings in the period between the ending of fieldwork/ issuing of the draft report (September 2017) and agreement of the final report (March 2018).</p> <p>Further Safeguarding training was held in September and November 2017. The Idox system will be set up to ensure a robust process exists to monitor and manage safeguarding training.</p> <p>Management explained in agreeing the final report that best practice guidance require review of the fees to be undertaken after 2 years (in 2018) when the calculations with actual data will be done to ensure compliance with the legislation.</p>

System/Area	Opinion	Area Reviewed	Date Issued	Comments	Management Actions Agreed
				<p>and it was agreed that this would be re-considered when the next assessment of fees is completed.</p> <p>No specific checks were being carried out (in August 2017) in respect of operators. The Council only required the operator to complete the application form and submit the relevant fee. There was no check made to ensure the operator has appropriate public liability insurance.</p> <p>Further consideration could be made to developing pro-active enforcement activity.</p>	<p>Management explained they have now set up checks for insurance, driving licence & DBS on Idox for operators.</p> <p>Management have explained regular weekly meetings do now take place with the police and a multi-agency exercise will be proposed during 2018 when resources allow.</p>

Audit Opinions and Priorities for Actions

Audit Opinions

Audit work is based on sampling transactions to test the operation of systems. It cannot guarantee the elimination of fraud or error. Our opinion is based on the risks we identify at the time of the audit.

Our overall audit opinion is based on 5 grades of opinion, as set out below.

Opinion	Assessment of internal control
High Assurance	Overall, very good management of risk. An effective control environment appears to be in operation.
Substantial Assurance	Overall, good management of risk with few weaknesses identified. An effective control environment is in operation but there is scope for further improvement in the areas identified.
Reasonable Assurance	Overall, satisfactory management of risk with a number of weaknesses identified. An acceptable control environment is in operation but there are a number of improvements that could be made.
Limited Assurance	Overall, poor management of risk with significant control weaknesses in key areas and major improvements required before an effective control environment will be in operation.
No Assurance	Overall, there is a fundamental failure in control and risks are not being effectively managed. A number of key areas require substantial improvement to protect the system from error and abuse.

Priorities for Actions

Priority 1	A fundamental system weakness, which presents unacceptable risk to the system objectives and requires urgent attention by management
Priority 2	A significant system weakness, whose impact or frequency presents risks to the system objectives, which needs to be addressed by management.
Priority 3	The system objectives are not exposed to significant risk, but the issue merits attention by management.

Annex D

An overview of progress made implementing agreed actions with 28 February 2018 deadline (or earlier)

Audit	Assurance Rating	Total	Fully Completed	Comments
Business Continuity and Disaster Recovery 2016/17	Reasonable Assurance	1	0	The remaining action relates to the Corporate Business Continuity plan which has not yet been completed.
Contracts Register 2016/17	Reasonable Assurance	4	1	Good progress has been made. One single contracts register is now in place. Training has taken place and the quality and completeness of the contracts register is improving. Further work is required and planned in 2018/19 to help develop and embed the contract register and management of contracts which will enable the audit actions to be fully addressed.
Risk Management 2016/17	No opinion	5	0	Our 2017/18 audit reviewing the Council's risk management arrangements is ongoing. Work is including a robust follow up of the progress made in the last 12 months. In respect of the previous year's findings then 7/12 actions have been addressed. However 5 areas for improvement remain outstanding. We are assessing and discussing these matters and other relevant risk management findings as part of completing the 2017/18 work.
Total		10	1	

Counter Fraud Activity 2017/18

The table below shows the total number of fraud referrals received and summarises the outcomes of investigations completed during the year.

	2017/18 (Full Year)	2016/17 (Full Year)
% of investigations completed which result in a successful outcome (for example benefit stopped or amended, sanctions, prosecutions, properties recovered, and housing allocations blocked).	41%	53%
Amount of actual savings ¹ (quantifiable savings - e.g. CTS) identified through fraud investigation.	£55,194	£38,642

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Caseload figures for the period are:

	2017/18 (Full Year)	2016/17 (Full Year)
Referrals received	72	70
Referrals rejected	25	15
Number of cases under investigation	12	25 ²
Number of investigations completed	29	30

¹ Actual Savings are comprised of repayments made to the council in the current financial year as well as future savings claimed when a fraud has been blocked and would have continued for a 12 month period. Analysis for the council conducted in January 2018 showed that 89.4% of actual savings in 2017/18 was money repaid to the council and 10.6% were future savings. Ryedale keeps approximately 12% of recovered CT related fraud and 40% of any fraud related to recovered Business Rates. Housing Benefit overpayments identified as a result of fraud receive 100% subsidy, additionally the council keeps any overpayment recovered.

² As at 31/3/17

Summary of counter fraud activity:

Activity	Work completed or in progress
Data matching	<p>Investigation of 2016/17 National Fraud Initiative (NFI) matches is nearing completion. Data for the annual Single Person Discount exercise has been provided and matches have been published. The matches will now be passed to the Council Tax Department.</p> <p>The council, alongside regional partners, has volunteered to participate in a new NFI pilot exercise hoping to identify Business Rates fraud.</p> <p>Veritau have an ongoing programme of internal and regional data matching. The current focus is council tax discounts.</p>
Fraud detection and investigation	<p>The service continues to promote the use of criminal investigation techniques and standards to respond to any fraud perpetrated against the council. Activity to date includes the following:</p> <ul style="list-style-type: none"> • Council Tax Support fraud –The team received 31 referrals for possible CTS fraud during 2017/18. Over £16,000 in overpayments were identified in financial year. One person was successfully prosecuted and one person was cautioned for CTS fraud offences. • Council Tax/Non Domestic Rates fraud – 40 referrals for council tax or business rates fraud were received in 2017/18 and over £14,000 of fraud detected. Two people were cautioned or warned for Council Tax fraud offences.
Fraud liaison	<p>The counter fraud team acts as a single point of contact for the Department for Work and Pensions (DWP) and is responsible for providing data to support their housing benefit investigations. The team dealt with 109 requests in 2017/18.</p> <p>In addition housing benefit fraud concerns from within the council as well as from members of the public have been referred to the DWP for investigation. These referrals are tracked to ensure that the Council is aware of</p>

Activity	Work completed or in progress
	the results of any DWP investigations. Where financial penalties are recommended by the DWP the circumstances of each case is reviewed and advice is given to the Council to assist decision making.
Fraud management	<p>In 2017/18 a range of activity has been undertaken to support the Council's counter fraud framework.</p> <ul style="list-style-type: none"> • In July an annual counter fraud report was brought to the Overview and Scrutiny Committee. As part of the annual report the counter fraud and corruption policy and counter fraud strategy were both reviewed. No updates were required to the policy and strategy however a counter fraud risk assessment and associated action plan were updated to reflect current fraud threats facing the council. • As part of International Fraud Week in November, the counter fraud team raised awareness of fraud with staff via intranet articles published throughout that week. In addition targeted fraud awareness was provided to the Benefit and Council Tax departments during the financial year. • A new 0800 telephone number has been launched to allow members of the public to report fraud free of charge. • As part of annual Council Tax billing a leaflet was distributed to all residents encouraging them to report fraud. • The counter fraud team continues to alert council departments to emerging local and national threats through a monthly bulletin and specific alerts.



REPORT TO: OVERVIEW AND SCRUTINY COMMITTEE

DATE: 19 APRIL 2018

REPORT OF THE: RESOURCES AND ENABLING SERVICES LEAD (s151)
PETER JOHNSON

TITLE OF REPORT: INTERNAL AUDIT, COUNTER FRAUD and INFORMATION
GOVERNANCE PLANS 2018/19

WARDS AFFECTED: ALL

EXECUTIVE SUMMARY

1.0 PURPOSE OF REPORT

1.1 The work of internal audit is governed by the Public Sector Internal Audit Standards (PSIAS). In accordance with those standards internal audit is required to prepare an audit plan on at least an annual basis. The purpose of this report is to present to members the internal audit plan for 2018/19. The proposed plans of work for counter fraud and information governance are also provided, for information.

2.0 RECOMMENDATION

2.1 It is recommended that the internal audit plan for 2018/19 be approved.

3.0 REASON FOR RECOMMENDATION

3.1 The Overview and Scrutiny Committee has responsibility for overseeing the work of internal audit and (as stated within paragraph 7.6 of the Council's Audit Charter) this Committee has responsibility to approve the annual internal audit plan.

4.0 SIGNIFICANT RISKS

4.1 The Council will fail to comply with proper practice requirements for internal audit and the Council's Audit Charter if an Annual internal audit plan is not approved.

5.0 POLICY CONTEXT AND CONSULTATION

5.1 The work of internal audit supports the council's overall aims and priorities by promoting probity, integrity and honesty and by helping support the council to become a more effective organisation.

6.0 REPORT DETAILS

- 6.1 Once a year the ongoing audit planning process is formalised with the production of the Annual Internal Audit plan. The plan is based on a risk assessment which helps to ensure limited audit resources are prioritised towards those areas which are considered to be the most appropriate and/or which contribute the most to the achievement of the Council's priorities and objectives.
- 6.2 The content of the audit plan has been subject to consultation with senior officers. Any changes to the plan during the year will be discussed and agreed through the council's client management arrangements and will be notified to the Committee. A copy of the plan is included in Appendix A.
- 6.3 Plans for Counter Fraud and Information Governance are included in Appendix B and Appendix C. Progress against the Counter Fraud Plan will be reported on a quarterly basis, along with regular updates against the Internal Audit Plan. The Information Governance Plan is included for completeness providing transparency of all three governance services contracted to Veritau.
- 6.4 The internal audit plan includes 225 days, the Counter Fraud Plan 105 days and 25 days for information governance support.

7.0 IMPLICATIONS

- 7.1 The following implications have been identified:
- a) Financial
None
 - b) Legal
None
 - c) Other (Equalities, Staffing, Planning, Health & Safety, Environmental, Crime & Disorder)
None

Peter Johnson
Resources & Enabling Services Lead Officer (s151)

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Background Papers:

Public Sector Internal Audit Standards, CIPFA Local Government Application Note (for the United Kingdom Public Sector Internal Audit Standards)

Appendices:

Appendix A Internal Audit Plan 2018/19
Appendix B Counter Fraud Plan 2018/19
Appendix C Information Governance Plan 2018/19

RYEDALE
DISTRICT
COUNCIL



Ryedale District Council

Internal Audit Plan 2018/19

Audit Manager: Stuart Cutts
Head of Internal Audit: Max Thomas

Circulation List: Members of the Overview and Scrutiny Committee
Chief Executive (Interim)
Resources and Enabling Services Lead (s151)

Date: April 2018



- 1 This document sets out the planned 2018/19 programme of work for internal audit, provided by Veritau for Ryedale District Council.
- 2 The work of internal audit is governed by the Public Sector Internal Audit Standards. In accordance with those standards and the Council's Audit Charter, internal audit is required to prepare an audit plan on at least an annual basis.
- 3 The Head of Internal Audit is required to produce an annual internal audit opinion to the Council based on an objective assessment of the effectiveness of the framework of Risk Management, Governance and Internal control. Our planned audit work includes coverage of all three areas to develop a wider understanding of the assurance framework of the Council and provide a fully informed body of work to provide that opinion.
- 4 The internal audit plan has been prepared on the basis of a risk assessment. This is intended to ensure limited audit resources are prioritised towards those systems which are considered to be the most risky and/or which contribute the most to the achievement of the District Council's priorities and objectives. The content of the internal audit plan has been subject to consultation with senior officers.
- 5 The internal audit plan is submitted for formal approval by the Overview and Scrutiny Committee who are also responsible for monitoring progress against the plan. Changes to the plan will be agreed with the s151 Officer and will be notified to this committee. Proposed work is also discussed with the Council's external auditors to ensure there is no duplication of effort. We will provide regular updates on the scope and findings of our work to the Overview and Scrutiny Committee throughout 2018/19.
- 6 The internal audit plan is based on a total number of 225 days for 2018/19 which is the same as in 2017/18

2018/19 Internal Audit Plan

- 7 The plan has been structured into the following sections:
 - **Strategic Risks;** this work involves reviewing areas highlighted as specific audit risks which are included in the Council's risk register.
 - **Fundamental/Material Systems;** to provide assurance on the key areas of financial risk. This work will help provide assurance that the internal controls for these key systems are working effectively and the risks of loss are minimised.
 - **Projects;** to provide assurance on those areas of a technical nature and where project management is involved.
 - **Operational/Regularity Audits;** to provide assurance on those other areas identified through Veritau's risk based assessment. This work will cover some of the governance frameworks which the Council rely on to provide assurance that key areas of the business are operating effectively. Work is covering some service areas.

- **Client support, Advice and Follow Up;** This includes ongoing support and advice to the Council on risk and control issues, work to provide assurance that findings from previous audits have been addressed, and time necessary to support the delivery of the internal audit service (for example for audit planning).

8 Section 151 of the Local Government Act 1972 requires every authority in England and Wales to make arrangements for the proper administration of their financial affairs and ensure that one of their officers has responsibility for the administration of those affairs. The Council is currently making arrangements to replace the current s151 officer who leaves Ryedale in May 2018. We have included some time in the internal audit plan so we can review the operation of financial procedures, controls and responsibilities being operated in 2018/19 following the change.

Internal Audit Plan 2018/19

Strategic Risks

Risk No	Risk	Audit	Scope	Days
2b	The Council recognises the importance of data quality as we need reliable, accurate and timely performance information with which to manage services, inform users and account for our performance	Data Quality	A review of the Council's performance management framework along with the systems for capturing key performance data. We will also review key performance data to ensure it is complete, accurate and up to date.	15
03	Failure to effectively manage and develop our workforce assets	HR Performance Management and Training	A review of the arrangements for managing staff performance including the effectiveness of the Council's arrangements to deliver training aims and objectives.	15
07	Failure to ensure appropriate systems are in place to manage Health and Safety	Health and Safety	A review of the effectiveness of the management of Health and Safety risks.	15
10	To ensure the Council meets all of its statutory obligations relating to the protection of personal and confidential data.	Data Protection and Information Security	To undertake unannounced visits to establish the extent to which the Council's expectations of data security of sensitive information, including the clear desk policy are being followed.	8

Fundamental/Material Systems

Audit	Scope	Days
Payroll	A review of the key risks/ controls of the payroll system and employee expenditure.	10
Creditors	To review the key risks/controls surrounding the payment of creditor invoices. The work will include a review of all creditor payments for the risk of potential duplicate payments using data analytics software.	12
General Ledger	A review of the key controls to ensure information in the General Ledger is accurate.	10
Budgeting	To review the operation of the key controls that ensure budgets are being effectively monitored and managed.	10
Treasury Management	To review the Council's arrangements to ensure compliance with the requirements of the new CIPFA code on Treasury Management in the Public Services.	8
		50

Projects/ other

Audit	Scope	Days
Maintaining internal control and fulfilling s151 responsibilities	A period of time to review and assess the financial procedures, controls and responsibilities being operated during the year, in the light of the current s151 officer leaving post in May 2018	10
		10

Operational/Regularity Audits

Audit	Scope	Days
Risk Management	A review of the effectiveness of the Risk Management arrangements to highlight and robustly manage the key strategic risks of the Council.	10
Information Technology (ICT)	A review of key ICT risks and controls. The specific areas for review will be agreed with officers during the year.	15
Contract Management	To provide additional support to help the Council further develop and embed arrangements. To also review of a sample of contracts to ensure these are being managed appropriately.	10
Transparency Code	To review compliance with the requirements of the Transparency Code.	10
Community Infra Structure Levy	To review the management of the key performance and operational risks in relation to the Community Infra Structure Levy	10
Licensing	To review the key risk areas on licensing. The audit will specifically cover licensing of premises.	13

Client Support, Advice and Follow up

Area	Days
Committee Preparation and Attendance	12
External Audit Liaison	2
Miscellaneous Advice and support	8
Corporate Issues (including audit planning and client liaison)	10
Follow up of previous years findings	12
	44
TOTAL PLANNED DAYS	225

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Ryedale District Council

Counter Fraud Plan 2018/19

Counter Fraud Manager: Jonathan Dodsworth
Deputy Head of Internal Audit: Richard Smith

Circulation List: Members of the Overview and Scrutiny Committee
Chief Executive (interim)
Resources and Enabling Services Lead (s151)

Date: April 2018



Introduction

- 1 Veritau undertakes counter fraud work on behalf of Ryedale District Council. This document summarises the agreed areas of counter fraud work for 2018/19.
- 2 The Counter Fraud Plan is based on an estimate of the amount of resource required to provide the range of counter fraud activities required by the council. A total of 105 days of counter fraud work has been agreed for 2018/19.

2018/19 Counter Fraud Plan

- 3 A summary of planned areas of work is set out in the table below.

Fraud Area	Scope
Counter Fraud General	Monitoring changes to regulations and guidance, review of counter fraud risks, and support to the council with maintenance of the counter fraud framework. This will include completion of the annual counter fraud risk assessment and review of the counter fraud policy and strategy.
Proactive Work	This includes: <ul style="list-style-type: none">• raising awareness of counter fraud issues and procedures for reporting suspected fraud - for example through training and provision of updates on fraud related issues• targeted proactive counter fraud work - for example through local and regional data matching exercises• support and advice on cases which may be appropriate for investigation and advice on appropriate measures to deter and prevent fraud.
Reactive Investigations	Investigation of suspected fraud affecting the council. This includes feedback on any changes needed to procedures to prevent fraud recurring.
National Fraud Initiative (NFI)	Coordinating submission of data to the Cabinet Office for the NFI national fraud data matching programme and investigation of subsequent matches.
Fraud Liaison	Acting as a single point of contact for the Department for Work and Pensions, to provide data to support their housing benefit investigations.



Ryedale District Council

Information Governance Plan 2018/19

Information Governance Manager:
Head of Internal Audit:

Robert Beane
Max Thomas

Circulation List:

Members of the Overview and Scrutiny
Committee
Chief Executive (interim)
Resources and Enabling Services Lead (s151)

Date:

April 2018



Introduction

- 1 Veritau undertakes information governance work on behalf of Ryedale District Council. This document summarises the agreed areas of work for 2018/19.
- 2 The Information Governance Plan is based on an estimate of the amount of resource required to provide the range of activities required by the council. A total of 25 days of information governance work has been agreed for 2018/19.

2018/19 Information Governance Plan

- 3 A summary of planned areas of work is set out in the table below.

Area	Scope
Data Protection Officer Role	Monitoring compliance with the council's policy framework and data protection legislation (including undertaking a programme of audits) as Data Protection Officer.
Data Security Investigations	The investigation of serious data security incidents, the coordination of remedial activity and liaison with the Information Commissioner's Office.
Support and Advice	The provision of advice and guidance on all related matters (including policies and procedures, privacy notices, data protection impact assessments, data sharing agreements, and information asset registers).